Canadian Grain Commission | Commission canadienne des grains

Canadian Grain Commission

Departmental Performance Report
March 31, 2010

The Honourable Gerry Ritz
Minister of Agriculture and Agri-Food and
Minister for the Canadian Wheat Board

Canada

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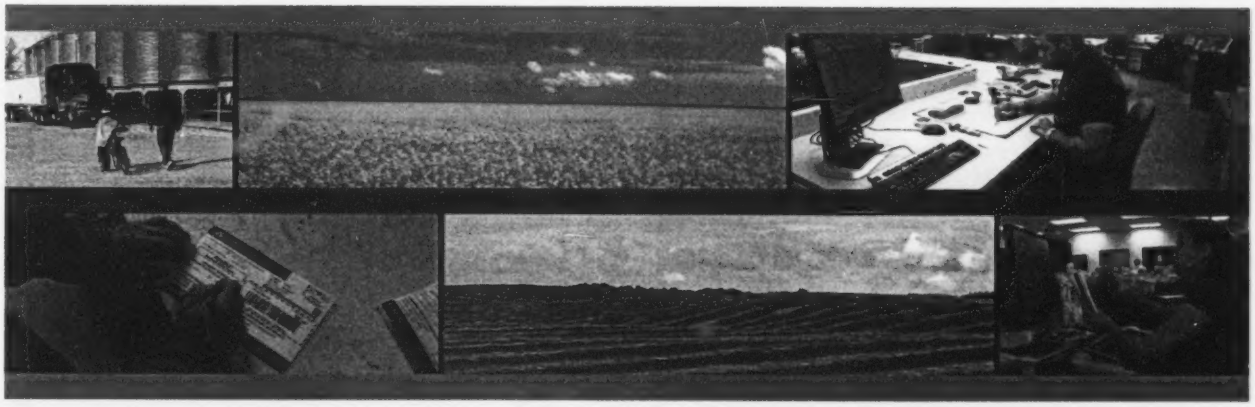

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Minister's Message

I am pleased to submit to Parliament and Canadians the Canadian Grain Commission's Departmental Performance Report for the fiscal year 2009-2010.

Since becoming Minister, my core philosophy has been to think Farmers First in every decision we make on agriculture. I know from my own experience in running a farm that the agriculture sector can only succeed if the individual farmer is making a profit. That is why putting our Farmers First is for me the key to advancing agriculture in this country to the benefit of all Canadians.

I am grateful that the partner organizations of the Agriculture and Agri-Food (AAF) Portfolio share my steadfast commitment to ensuring the industry's success. These AAF Portfolio organizations - Agriculture and Agri-Food Canada (AAFC), the Canadian Food Inspection Agency (CFIA), Farm Credit Canada, the Canadian Grain Commission, the Canadian Dairy Commission, the Farm Products Council of Canada and the Canada Agricultural Review Tribunal – have their own mandates and pursue their own activities.

At the same time, by working together, all of the Portfolio organizations make it possible for me to meet the sector's needs effectively and efficiently. I know I can rely on the continuing collaborative efforts of my Portfolio team to support me in tackling the agriculture sector's challenges, while helping the sector to capitalize on its tremendous potential for growth and future profitability.

This report details how the Canadian Grain Commission used its resources from April 1, 2009, to March 31, 2010, to regulate grain handling and establish and maintain grain standards, while protecting the interests of producers and ensuring a dependable commodity for domestic and export markets.

The Honourable Gerry Ritz
Minister of Agriculture and Agri-Food and
Minister for the Canadian Wheat Board

Chief Commissioner's Message

Welcome to the Canadian Grain Commission's (CGC) 2009-2010 Departmental Performance Report. Since 1912, the CGC has been the federal agency responsible for setting standards of quality and regulating Canada's grain handling system. Our vision is to be a leader in delivering excellence and innovation in grain quality and quantity assurance, grain quality research, and producer protection. In order to achieve this vision, the CGC focuses its work on achieving results to support a competitive, efficient grain sector and uphold Canada's international reputation for consistent and reliable grain quality and safety. In addition, CGC producer protection activities ensure producer rights are supported to facilitate fair treatment within the licensed grain handling system.

During 2009-10, the CGC continued to work collaboratively with AAF Portfolio partners and other government agencies, producers, and grain industry stakeholders to maintain market competitiveness and add value to Canadian producers and Canada's grain quality assurance system (GQAS). These close working relationships helped to ensure that the CGC was informed and able to adapt to emerging challenges associated with delivering upon our strategic outcome of ensuring Canada's grain is safe, reliable and marketable and Canadian grain producers are protected. This was particularly important in responding to the discovery of trace amounts of genetically modified material in some Canadian flaxseed exports to the European Union and the development of sampling and testing protocols for Canadian flaxseed shipments to facilitate the resumption of the flaxseed trade.

In today's climate, there continues to be increased market demand for grain safety assurances and increased sophistication of grain safety specifications. As a result, the CGC continued to focus efforts on meeting today's grain safety assurance requirements and continued to evaluate, define and evolve the CGC's role in testing, monitoring and assuring the safety of Canada's grain.

Once again, I am pleased to report that the CGC received a positive audit of its annual financial position. A copy of the audited financial statements is available on the CGC's website at: http://www.grainscanada.gc.ca/cgc-ccg/cr-rm/crm-mrm-eng.htm. As Chief Commissioner, I am proud of the CGC's ongoing exemplary work to effectively meet the needs of producers, the industry and all Canadians in general. Moving forward, the CGC remains committed to working with stakeholders to ensure Canada's GQAS builds on its reputation as the best in the world. I invite you to read this report to learn more about the CGC's accomplishments and challenges and how the organization carried out its mandate during the 2009-10 reporting period.

Elwin Hermanson
Chief Commissioner
Canadian Grain Commission

Section I: Canadian Grain Commission Overview

Raison d'être

The Canadian Grain Commission (CGC) was established in 1912 and is the federal government agency responsible for administering the provisions of the *Canada Grain Act*. The CGC's mandate as set out in the *Canada Grain Act* is to, "in the interests of the grain producers, establish and maintain standards of quality for Canadian grain and regulate grain handling in Canada, to ensure a dependable commodity for domestic and export markets." The CGC vision is to be "A leader in delivering excellence and innovation in grain quality and quantity assurance, research, and producer protection." The CGC reports to Parliament through the Honourable Gerry Ritz, **Minister of Agriculture and Agri-Food**.

Responsibilities

Under the *Canada Grain Act*, the CGC sets standards of quality and regulates the handling of 21 grains[1] grown in Canada to ensure Canada's grain is safe, reliable and marketable and Canadian grain producers are protected. The CGC is an unbiased, third-party agency in Canada's grain sector and is the official certifier of Canadian grain. Through its activities, the CGC supports a competitive, efficient grain sector and upholds Canada's international reputation for consistent and reliable grain quality. To achieve its mandate, the CGC

- regulates all aspects of grain handling in Canada through the grain quality and quantity assurance programs,
- carries out scientific research to understand all aspects of grain quality and grain safety and to support the grain grading system, and
- has implemented a number of producer protection programs and safeguards to ensure the fair treatment of Canadian grain producers when they deliver their grain to licensed grain handling companies and grain dealers.

It is widely recognized that CGC programs and activities are integral in permitting Canadian exporters to market successfully in competitive international grain markets and are essential for producers in order to realize maximum value from their grain. To ensure relevancy and success, the CGC continued to work collaboratively with producers, industry stakeholders and government partners on the development of new technologies, protocols, and a sound regulatory framework to address emerging challenges in the Canadian grain sector.

The CGC's head office is located in Winnipeg, Manitoba. As of March 31, 2010, the CGC employed 661 full-time equivalents and operated 12 additional offices across Canada. Funding for CGC programs and activities is through a combination of revolving fund and appropriation sources. Additional information on the CGC's mandate, responsibilities, and programs is available on the CGC website at http://www.grainscanada.gc.ca/.

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[1] Grain refers to any seed designated by regulation as a grain for the purposes of the *Canada Grain Act*. This includes barley, beans, buckwheat, canola, chick peas, corn, fababeans, flaxseed, lentils, mixed grain, mustard seed, oats, peas, rapeseed, rye, safflower seed, solin, soybeans, sunflower seed, triticale and wheat.

Strategic Outcome

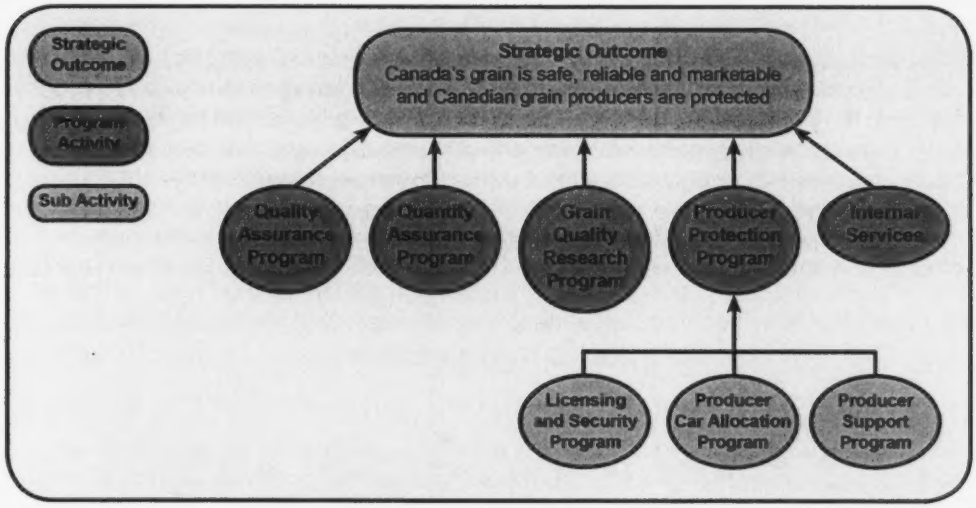
To effectively pursue its mandate and make a difference to Canadians, the CGC aims to achieve the following strategic outcome:

Canada's grain is safe, reliable and marketable and Canadian grain producers are protected

Canada is known around the world for the quality, consistency, reliability and safety of its grain and grain products. The provision of CGC programs and activities is integral to maintaining this reputation and to the functioning of Canada's grain industry and Canada's grain quality assurance system (GQAS). CGC programs result in shipments of grain that consistently meet contract specifications for quality, safety and quantity. This is particularly important considering Canada exported approximately $11.0 billion in cereals, grains and oilseeds during 2009. Canada's GQAS is also essential for producers to realize maximum value from their grain and the CGC is committed to providing effective producer protection services and safeguards to ensure the fair treatment of Canadian grain producers. In our role as a neutral third party regulator and arbitrator, the CGC works in partnership with virtually every participant in the grain industry including producers, industry stakeholders, and other government departments and agencies.

Program Activity Architecture

The following diagram illustrates the CGC's Program Activity Architecture (PAA). The PAA is the basic structure for the management and allocation of resources to various programs and activities to achieve intended results. The CGC's PAA has five program activities that each contribute to the CGC's single strategic outcome. The producer protection program consists of three program sub-activities.



Performance Summary

Financial Resources ($ thousands)

Planned Spending	Total Authorities	Actual Spending
46,567	90,467	80,282

Human Resources (Full Time Equivalents (FTEs))

Planned	Actual	Difference
421	661	240

Planned Spending to Total Authorities:

Planned spending for 2009-10 was approximately $46.6 million, whereas the total authorities were $90.5 million, representing a change of $43.9 million. The difference is primarily because:

- 2009-10 planned spending as reported in the 2009-10 Report on Plans and Priorities (RPP) reflects only the CGC's approved authorities as per the Main Estimates. This included:
  - $5.2 million of annual appropriation, and
  - $41.4 million of projected respendable revenue.
- Total authorities include the additional authorities provided to the CGC subsequent to publication of the RPP. This included:
  - $34.4 million of Supplementary Estimates,
  - $8.0 million authorization for utilization of operating surplus, and
  - $1.5 million for salary expenditures related to approved collective agreements, severance benefits, and other.

Planned human resource FTEs for 2009-10 as reported in the RPP was 421 based on the approved authorities as per the Main Estimates. Given all authorities secured by the CGC, the full planned FTE complement is 718. The difference between the full planned FTE complement and actual FTEs is -57.

Total Authorities to Actual Spending:

Total authorities for 2009-10 were approximately $90.5 million, whereas actual spending was $80.3 million, representing a difference of $10.2 million. This difference is primarily because:

- the CGC manages and monitors expenditures conservatively on a yearly basis due to reliance on ad-hoc funding,
- total authorities reflect $41.4 million of respendable revenue. The CGC received $45.5 million in revenue due to high grain volumes handled in 2009-10, representing $4.1 million of additional revenues credited to vote. Grain volumes can be highly variable given crop conditions in any given year, and
- the CGC's actual expenditures in relation to salaries was approximately $6.1 million less than total authorities due to staff departures and delays in hiring due to potential organizational changes.

Further information on CGC funding is provided in the Expenditure Profile Section.

Strategic Outcome: Canada's grain is safe, reliable and marketable and Canadian grain producers are protected		
Performance Indicator	**Targets**	**2009-10 Performance Summary**
Number of instances where buyers are dissatisfied with CGC standards, methods or procedures used to ensure a dependable commodity for domestic and export markets	Zero instances	**Mostly met expectations however the target of zero was not met** • The European Union, Japan, and Brazil imposed import restrictions on Canadian Flaxseed after the detection of trace amounts of genetically modified material in some Canadian flaxseed shipments to Europe. In response, the CGC worked collaboratively with other government organizations, the Flax Council of Canada, and the grain industry to develop sampling and testing protocols for the detection of CDC Triffid in Canadian flaxseed shipments to facilitate the resumption of the flaxseed trade. http://www.grainscanada.gc.ca/gmflax-lingm/stpf-peevl-eng.htm • A shipment of Canadian grain via container was found to be contaminated with treated seed. Adjustments were subsequently made to the CGC Hazard Analysis Critical Control Point (CGC HACCP) standard to mitigate this type of occurrence in the future.
Level of producer satisfaction with CGC producer protection services	Zero unresolved or unaddressed complaints	**Successfully met target** • The CGC responded to all producer inquiries and complaints during 2009-10.

Program Activity[1]	2008-09 Actual Spending ($ 000)	2009-10[4,5] ($ 000)				Alignment to Government of Canada Outcomes[2]
		Main Estimates [4]	Planned Spending [4,5]	Total Authorities [4,5]	Actual Spending [5]	
Quality Assurance Program	44,165	23,438	23,438	48,222	41,356	Innovative and knowledge-based economy[3]
Quantity Assurance Program	13,260	9,373	9,373	14,121	12,432	Innovative and knowledge-based economy[3]
Grain Quality Research Program	11,484	3,365	3,365	9,463	10,057	Innovative and knowledge-based economy[3]
Producer Protection Program	4,755	938	938	5,002	3,851	Fair and secure marketplace[3]
Internal Services[6]	N/A	9,453	9,453	13,659	12,586	N/A
Total	73,664	46,567	46,567	90,467	80,282	

[1] Program activity descriptions are available on the Treasury Board Secretariat Main Estimate website at: http://www.tbs-sct.gc.ca/est-pre/20102011/p2-eng.asp.

[2] Additional information on the Government of Canada Outcomes is available at: http://publiservice.tbs-sct.gc.ca/ppg-cpr/frame-cadre-eng.aspx. The CGC's program activities all align with the key federal spending area of 'economic affairs'.

[3] Further information on CGC program activity alignment with the Government of Canada Outcome areas is available at: http://www.grainscanada.gc.ca/cgc-ccg/cr-rm/goco-rogoc-eng.htm.

[4] The 2009-10 Main Estimates and planned spending values appear low because they do not include appropriations of $34.4 million as well as access to $8.0 million of operating surplus. These amounts were not approved at the time of the CGC's ARLU and RPP reports. Total authorities for 2009-10 include these amounts.

[5] Planned spending and human resource FTEs for 2009-10 as reported in the RPP reflect only the CGC's approved authorities as per the Main Estimates. Total authorities include additional funding approved subsequent to the publication of the RPP. There were no significant program changes during 2009-10.

The difference between total authorities and actual spending include:

- an overall increase in revenue credited to vote for high grain volumes handled, and
- lower actual expenditures for salaries due to staff departures and delays in the hiring process.

[6] Commencing in the 2009-10 Estimates cycle, resources for the Internal Services program activity are displayed separately from other program activities. These resources are no longer distributed among the remaining program activities as was the case in previous Main Estimates. This has affected the comparability of spending and FTE information by program activity between fiscal years.

Contribution of Priorities to the Strategic Outcome

Note:
Type is defined as follows: **previously committed to**—committed to in the first or second fiscal year prior to the subject year of the report; **ongoing**—committed to at least three fiscal years prior to the subject year of the report; and **new**—newly committed to in the subject year of the report.

Status is defined as **exceeded** (more than 100 percent of the expected level of performance was achieved), **met all** (100 percent of the expected level of performance was achieved), **mostly met** (80 to 99 percent of the expected level of performance was achieved), **somewhat met** (60 to 79 percent of the expected level of performance was achieved), **expectations not met** (less than 60 percent of the expected level of performance was achieved).

Operational Priorities	Type	Status For details see Performance Analyses on pages 20, 23, 25, 28, and 30.	Link to Strategic Outcome and Program Activities
1. Ongoing delivery of the CGC mandate under the *Canada Grain Act* in a climate of constantly changing international and domestic markets, technological advancements and evolving end-user needs and preferences	Ongoing	**Met all** • Continued to provide consistent daily delivery of programs and services, including o inspection, weighing, testing, monitoring and grain sanitation programs to ensure Canadian grain exports are uniform and consistent with regard to intrinsic quality and grain safety assurance, o research and development on grain quality and grain safety to support and enhance the GQAS, and o producer protection programs to ensure fair grain transactions. • Increased testing and monitoring of export cargoes to ensure Canadian grain met international grain safety and sanitation tolerances and end-use quality (e.g. deoxynivalenol (DON), Ochratoxin-A (OTA), toxic residues, bacterial contamination, weed seeds, insects, presence of CDC Triffid, and malting quality for specific barley varieties). • Continued people management initiatives to ensure people with the right skills were in the right place at the right time.	**Link** The majority of CGC resources are dedicated to the day-to-day delivery of programs and services necessary to deliver upon the mandate. This priority contributes directly to the achievement of the CGC's strategic outcome and all of the CGC's program activities. **Going Forward** • The CGC will continue efforts to improve service delivery and integrate new technologies and protocols into program delivery. Further information on the programs and services that contributed to this priority as well as the results achieved and areas for improvement is provided in Section II.

Operational Priorities	Type	Status For details see Performance Analyses on pages 20, 23, 25, 28, and 30.	Link to Strategic Outcome and Program Activities
2. Positioning the GQAS to remain relevant and to support the continued competitiveness of Canadian grains in both domestic and international markets	Ongoing	**Met all** • Efforts continued to modify and enhance the Variety Identification (VID) monitoring program. Research continued with respect to using ground samples of grain for varietal identification. • New equipment was added that allows screening for several mycotoxins simultaneously, is sensitive enough to test for compounds at extremely low levels, and prepares and/or analyzes grain samples more quickly to meet the increased demand for grain safety assurances. • Worked with and liaised with other Canadian agencies (e.g. CFIA, AAFC, Health Canada, Department of Foreign Affairs and International Trade (DFAIT), Industry Canada) and the grain industry to address grain quality and safety issues. CGC personnel are members of the Portfolio Seed Coordination Working Group, Interdepartmental Biotechnology Working Group, Interdepartmental Working Group on Mycotoxins, Industry and Government Working Group on Mycotoxins, Canada Grains Council Innovation Working Groups. • Ongoing discussions were held with CFIA and Health Canada with respect to OTA and DON risk assessment and limits. Strategies are being developed for domestic monitoring. • Continued to liaise with international agencies on trade implications to meet international standards and legislation on grain safety. Meetings with European Union (EU) officials continued in follow-up to Article 23 recognition/protocols. • Implemented a pilot study for an Accredited Sampler Program and a Certified Sampling Program for grain exported in containers. http://www.grainscanada.gc.ca/pva-vpa/accsp-peacc-eng.htm • Transitioned away from on-site services at prairie facilities. This resulted in the closure of three CGC	**Link** Progress towards this ongoing priority contributed directly to the achievement of the CGC's strategic outcome of ensuring Canada's grain is safe, reliable and marketable. This priority is closely linked to the Quality Assurance Program and the Grain Quality Research Program. **Going Forward/Area for Improvement** • Continued collaboration with AAF Portfolio partners and other federal government departments and agencies is necessary to clarify and define roles in grain safety assurance. • Research is ongoing in an effort to continue method consolidation and improve sample throughput for pesticide residues and mycotoxin analysis in response to increased customer demand for this type of testing. • A new system is planned for the Trace Elements Program to improve testing services. Facility renovations are required and the system needs to be validated prior to becoming operational.

Operational Priorities	Type	Status For details see Performance Analyses on pages 20, 23, 25, 28, and 30.	Link to Strategic Outcome and Program Activities
		service centres in Brandon, MB and Melville and Moose Jaw, SK but has not reduced service availability to producers nor impacted the CGC's ability to carry out its mandate.	
3. Sound regulatory framework	Previously committed to	**Mostly met** • Continued to enforce compliance with the *Canada Grain Act* and the *Canada Grain Regulations*. • A regulatory amendment eliminating the requirement for official inspection and weighing on shipments of Canadian grain to the United States (US) became effective as of March 31, 2010. As a result, terminal and transfer elevator operators no longer need to seek an exemption on individual shipments of grain to the US. • Consulted on a proposed amendment to the *Canada Grain Regulations* related to comprehensive shrinkage. Amendments are anticipated in 2010-11.	**Link** A sound regulatory framework directly aligns the CGC with its legislative obligations and its strategic outcome. This priority contributes to all program activities. **Going Forward** • Bill C-13, An Act to Amend the *Canada Grain Act*, reached Second Reading stage in the House of Commons. Prorogation of Parliament on December 30, 2009 brought an end to all pieces of legislation that were still before Parliament, including Bill C-13. Federal Budget 2010 included a Government of Canada commitment to the modernization of the Canada Grain Act and the operations of the CGC. The CGC will continue efforts to determine a sound regulatory framework that is effective, responsive, cost-efficient and accountable.

Operational Priorities	Type	Status For details see Performance Analyses on pages 20, 23, 25, 28, and 30.	Link to Strategic Outcome and Program Activities
4. Relationship building and strengthening awareness	New	**Exceeded** • A Global Communications Plan was drafted to provide a framework and guidance for consistent and coordinated communications planning at a broad level. One of the key objectives of the plan is to raise the profile of the CGC with the intention of increasing stakeholder understanding of the CGC's role in the grain sector. • Several media releases as well as numerous speeches and presentations were given by CGC representatives on several topics including grain safety, fusarium/DON assessment methods, OTA, Rapid Viscosity Analysis (RVA™) technology, CGC's role in the detection of GMOs in the Canadian flaxseed supply and the development of protocols for flaxseed shipments to the EU, proposal to adjust the western winter wheat class, the CGC Licensing Program, varietal declarations, and reforms to the *Canada Grain Act*. • Continued to liaise with AAF Portfolio partners, other government organizations, and central agencies to develop and build relationships and strengthen awareness of the CGC.	**Link** Highlighting CGC activities and promoting awareness of CGC services with producers, industry, buyers, Canadians and researchers through effective communications and information tools facilitates increased stakeholder feedback on CGC programs and activities. Feedback is used to continuously improve CGC services and build upon Canada's GQAS. This priority is linked to the strategic outcome and all program activities. **Going Forward** • Other government departments and the public have become very engaged and interested in CGC activities and responsibilities. The CGC will continue efforts to build relationships and promote awareness of CGC programs and activities with other government departments, Portfolio partners, and Central Agencies, as well as with external stakeholders.

Management Priorities	Type	Status	Link to Strategic Outcome and Program Activities
1. Sustainable CGC Funding Mechanism	Ongoing	**Somewhat met** • Federal Budget 2010 provided funding to the CGC of $26.0 million for fiscal year 2010-11 and $30.2 million for fiscal year 2011-12 to allow the CGC to maintain mandated services and operations over the next two fiscal years. • The CGC has launched a project to establish a sustainable funding model.	**Link** A sustainable funding mechanism is necessary for the long term stability of the CGC and impacts upon the CGC's ability to maintain its capacity to create value for producers and the Canadian grain industry. This priority is linked to the strategic outcome and all program activities. **Going Forward** • The CGC will continue to work in consultation with Central Agencies to determine an optimal long term funding arrangement.

Management Priorities	Type	Status	Link to Strategic Outcome and Program Activities
2. Effective people management to achieve planned human resource needs and capacity and to meet Public Service Renewal objectives established by the Privy Council	Previously committed to	**Mostly met** • A three year plan for Competency based management was developed. • The Informal Conflict Resolution Program continued to thrive. • Leadership Development courses have been delivered. • Regional implementation of Performance Development and Achievement Program (PDAP) continues. • The three year Employment Equity and Diversity Plan was finalized and has been incorporated into the People Plans. • An Integrated Planning Working Group was established to work towards alignment of all planning functions. • Additional details are available at: www.grainscanada.gc.ca/cgc-ccg/cr-rm/hr-rh/hr-rh-eng.htm	**Link** This priority contributes to the CGC's strategic outcome by setting out strategies for meeting human resource needs as the organization strives for excellence in delivering services to our clients. **Going Forward** • Delivery of the CGC's mandate and strategic outcome is dependant upon continued evolution of the CGC workforce to meet organizational requirements. Effective people management will continue to be a priority going forward. • Minor delays were experienced in some areas due to other emerging priorities.
3. Management Accountability Framework (MAF) priorities	Previously committed to	**Mostly met** • Hired a **Chief Audit Executive**. o Developed an Audit Plan for 2010-11 and established a functioning internal audit activity effective April 1, 2010. o The Departmental Audit Committee (DAAC) was appointed and initial meeting dates and agendas have been established. o Commenced in-depth research of the Program Evaluation requirements and the appropriate role within the CGC. Developed an operational implementation plan for the Evaluation function. • Several changes have been made in an effort to improve CGC reporting to Parliament documents. For example, the CGC's PAA and Performance Measurement Framework are now used as the basis for reporting and assessing performance. Discussions on challenges, negative aspects of performance, as well as lessons learned and independent performance information is now included where available and relevant. • Significant progress was made towards formalizing the CGC's Integrated Risk Management (IRM) Policy, Corporate Risk Profile, and IRM Framework. An IRM working group was established. Key	**Link** The CGC's MAF audit results (Round V 2007-08) were used to identify management priorities to improve CGC management practices and accountability. As such, this priority supports the organization in achieving its strategic outcome and all of its program activities. **Going Forward/Areas for Improvement** • Staffing of the internal audit positions has taken longer than anticipated and remains a priority for completion in early 2010-11. In addition, determining the appropriate Program Evaluation function has proven to be more complex than originally anticipated. Implementation is now targeted for fall 2010. • Providing comparative information on performance and external evaluation of programs in CGC reporting documents remains challenging due to the nature of the organization. The CGC continues to look for opportunities to include this type of information where available and where it enhances the performance story. • Efforts will continue to formalize the CGC's IRM Policy, Corporate Risk Profile, and IRM Framework.

Management Priorities	Type	Status	Link to Strategic Outcome and Program Activities
		corporate risks have been identified and are being assessed. The IRM Policy is in the final stages of review.	

Risk Analysis

The Canadian grain industry, the CGC, and Canada's GQAS operate in a climate of constant change. The CGC and the GQAS must be able to adjust in a measured and careful fashion to these changes in order to maintain Canada's reputation as a consistent supplier of quality grain. As such, the CGC is continually monitoring and adapting programs and services to assure consistent and reliable grain quality and grain safety that meets the needs of international and domestic markets and to ensure Canadian grain producers are protected. From its inception in 1912, CGC programs and practices have been built on sound risk management and risk mitigation principles. Risk assessment and risk management is carried out by all CGC divisions and units as an integrated part of their policy, planning, priority setting, resourcing, program delivery, and reporting activities. In addition, risk assessment and risk management is embedded in the Integrated People and Business Planning process to ensure the workforce and work environments align with the current and future needs of the CGC. This is evidenced by the CGC's long-standing success in delivering upon its strategic outcome and program activities. While the majority of risk involved in the CGC's work is inherent and constant, some risk varies according to changes in the internal and external environment. The inherent risks in CGC programs and services are addressed by continuous monitoring and adjustment in order to bring residual risk to tolerable levels, thereby maintaining high performance standards. Feedback from producers and grain handlers, domestic and international processors, and other government organizations often provides early indication of potential risk in the external environment. Effective management of risks often results in opportunities for improvement to CGC operations and the GQAS.

During 2009-10, the CGC continued the process of finalizing its Integrated Risk Management (IRM) policy and became actively engaged in the development and articulation of its Corporate Risk Profile. The CGC established an internal IRM Working Group that initiated the process of identifying and assessing high level risks to the organization. The goal is to create a broad and detailed picture of the key organizational risks facing the CGC and ensure that sufficient risk mitigation techniques are in place to bring residual risk down to an acceptable level. For consistency purposes, details on key strategic risks will be provided upon completion and approval of the Corporate Risk Profile. This is expected to take place in fiscal year 2010-11. Contact with Treasury Board Secretariat's IRM Centre of Excellence has provided excellent opportunity for dialogue and clarification around IRM expectations. Continued dialogue with AAF Portfolio partners on IRM will also provide a source of information and best practices in this area.

Key program activity risks were identified in the CGC's 2009-10 RPP. Risk mitigation strategies used to achieve results and successfully deliver upon the organization's strategic outcome and program activities are described in Section II by program activity.

Expenditure Profile

The CGC is funded by a combination of an ongoing appropriation, special appropriation, and authority to re-spend fees collected. A revolving fund (RF) was set up for the CGC in 1995 with the expectation that the CGC would be largely self-funded through fees for services. However, the RF has not worked as expected. CGC user fees have not increased since 1991, operating costs have continually increased, and annual grain volumes can fluctuate considerably from year to year. As a result, overall cost recovery has fallen from approximately 90 percent in the early 1990s to between 50 and 60 percent today.

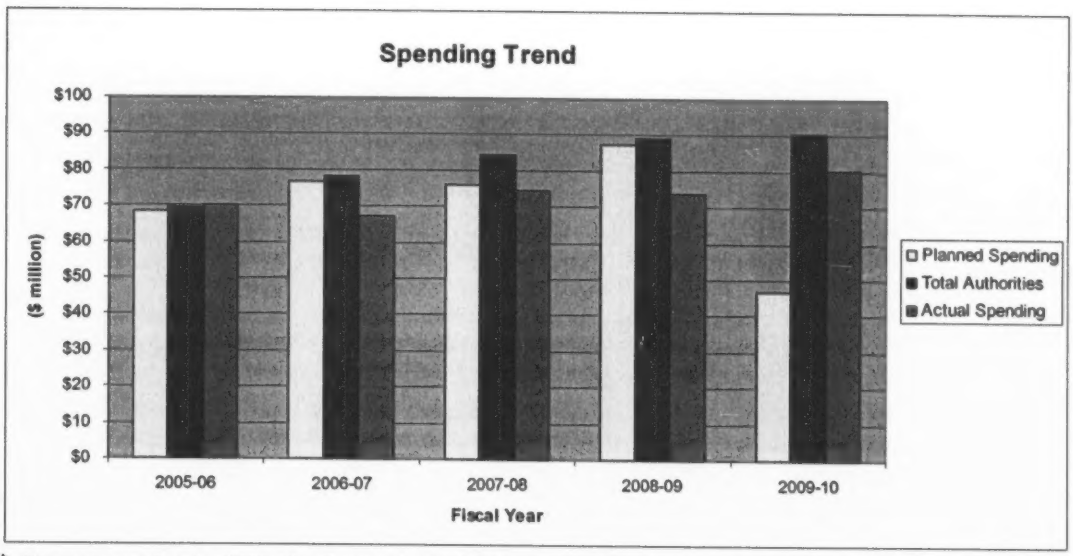
The CGC's falling cost recovery level has caused the CGC to rely on ad-hoc government appropriations since 1999 to fund operations on an annual basis. The CGC receives annual appropriation to fund a portion of the costs related to the Grain Research Laboratory (GRL) and the functions that were associated with the Assistant Commissioner positions. The last Assistant Commissioner term ended in June 2008. Assistant Commissioner functions have been assumed by CGC Commissioners, the CGC Licensing Unit, and the CGC Communications Unit. The remainder of the organization's funding comes from yearly ad-hoc government appropriations and fee revenues collected primarily from inspection and weighing services.

The CGC is currently assessing options to ensure appropriate funding is available to meet operational and staffing requirements. Federal Budget 2010 provided the CGC with $26.0 million for fiscal year 2010-11 and $30.2 million for fiscal year 2011-12 that when combined with fee revenue allows the CGC to deliver mandated services and operations over the next two fiscal years. The CGC will continue to monitor and control discretionary spending and continue the ongoing process of cost containment and reallocation of internal resources to meet new and emerging priorities. The CGC has initiated a project to develop a long-term model that will ensure the financial sustainability of the organization.

For the 2005-06 to 2009-10 periods, total authorities is reflective of all funding sources available to the CGC including appropriations realized through the full Estimates process and fees generated through the provision of services. The graph below shows CGC planned spending, total authorities, and actual spending over the past several years. Trend analysis is challenging because CGC revenues and expenditures are dependent on annual grain volumes and crop quality. These factors can fluctuate considerably from year to year and can result in significant variances between CGC revenue and expenditure projections that are prepared 18 months in advance of a crop being harvested. Planned spending and total authorities have generally increased over time with inflation. There have been no significant program changes in recent years.

Planned spending for 2009-10 reflects only the CGC's approved authorities as per the ARLU and Main Estimates. 2009-10 total authorities include additional ad-hoc funding totalling $42.4 million that was not approved at the time of the CGC's ARLU and RPP report. The differences between total authorities and actual spending over the past several years are due to:

- an overall increase in revenue credited to vote for high grain volumes handled, and
- lower actual expenditures for salaries as a result of staff departures and delays in the hiring process. Delays in hiring were due to potential organizational changes. Consequently, the CGC took an extremely conservative approach to staffing during these fiscal years.



* Planned spending for 2009-10 reflects only the CGC's approved authorities as per the ARLU and Main Estimates. 2009-10 total authorities include additional ad-hoc funding totalling $42.4 million that was not approved at the time of the CGC's ARLU and RPP report.

Voted and Statutory Items

Vote or Statutory Item ($ 000)	Truncated vote or Statutory Wording	2007-08 Actual Spending ($ 000)	2008-09 Actual Spending ($ 000)	2009-10 Main Estimates ($ 000)	2009-10 Total Authorities ($ 000)	2009-10 Actual Spending ($ 000)
40	Operating Expenditures	30,940	4,756	4,756	4,756	4,756
40a	Program Expenditures	7,600	27,980	-	35,533	35,186
(S)	CGC Revolving Fund	-127	-120	-120	-120	-120
(S)	Contributions to Employee Benefit Plans	3,919	577	561	561	561
	Total	**42,332**	**33,193**	**5,197**	**40,730**	**40,383**

Voted and Statutory items show the amount of funding received by the CGC through approved votes. 2009-10 Main Estimates do not reflect that the CGC received $34.4 million via Supplementary Estimates. In 2008-09, the CGC received approval to access $14.2 million in operating surplus as well as $26.5 million via Supplementary Estimates. In 2009-10 the CGC received approval to access only $8.0 million in operating surplus as well as $34.4 million via Supplementary Estimates. The operating surplus components are not reflected in the table.

Section II: Analysis of Program Activities by Strategic Outcome

Strategic Outcome

Canada's grain is safe, reliable and marketable and Canadian grain producers are protected

As a regulatory agency, the CGC is mandated to, in the interests of grain producers, establish and maintain standards of quality for Canadian grain and regulate grain handling in Canada to ensure a dependable commodity for domestic and export markets. The CGC has one strategic outcome that reflects the daily delivery of CGC program activities and the long-term benefit to Canadians stemming from the CGC's mandate and vision. All CGC program activities contribute to the achievement of this sole strategic outcome. To measure its success in delivering upon its strategic outcome, the CGC has identified two performance indicators with associated targets.

Performance Indicator	Target	Performance Status
Number of instances where buyers are dissatisfied with CGC standards, methods or procedures used to ensure a dependable commodity for domestic and export markets	Zero instances	**Mostly met expectations however the target of zero was not met** • The CGC responded to all known instances where buyers were dissatisfied with CGC standards, methods and/or procedures used to ensure a dependable commodity for domestic and export markets. • Several countries imposed restrictions on Canadian flaxseed imports after genetically modified material was detected in flaxseed shipments to Europe. In order to preserve Canadian commercial access to international flaxseed markets, the CGC responded by working closely with the Flax Council of Canada, industry stakeholders, CFIA, AAFC, and DFAIT to successfully develop sampling and testing protocols for Canadian flaxseed shipments. In addition, the CGC extended its accredited and certified container sampling pilot programs to those companies that ship Canadian flaxseed by container. This allowed companies to continue to ship flaxseed in containers under the Sampling and testing protocol for flaxseed exported in containers. http://www.grainscanada.gc.ca/gmflax-lingm/stpfm-mpeevl-eng.htm, http://www.grainscanada.gc.ca/pva-vpa/progams-programmes/sampling-echantillonnage/accspf-peaccl-eng.htm • A shipment of Canadian grain via container was found to be contaminated with treated seed. Adjustments were made to the CGC HACCP standard to mitigate this type of occurrence in the future. While the incident identified an area of concern in the CIPRS program, it also highlighted the benefit of the program as the shipping company was able to identify the source of the contamination immediately and initiate steps to rectify the problem. • Going forward, the CGC will continue to work collaboratively with industry stakeholders to adjust methods and/or procedures to ensure a dependable commodity for domestic and export markets and to maintain market access for Canadian producers.

Performance Indicator	Target	Performance Status
Level of producer satisfaction with CGC producer protection services	Zero unresolved or unaddressed complaints	**Met target** • The CGC continued to offer key protection services to Canadian grain producers. These services contribute to producers' ability to receive fair payment for the quality and quantity of grain they produce and deliver. The CGC met its target of zero unresolved or unaddressed complaints by responding to all known instances where Canadian grain producers were dissatisfied with CGC producer protection services. Additional information on the programs and services that contributed to successfully meeting this target is included in the Producer Protection Program Activity section.

During 2009-10, the Western Grain Standards Committee and the Eastern Grain Standards Committee met several times to recommend specifications for grades of grain, and select and recommend standard samples to the CGC. Their recommendations were forwarded to the CGC for consideration. Four sub-committees composed of marketers, grain handlers and producers continued to advise the Western Grain Standards Committee on commodity-related concerns related to wheat, barley and other cereal grains, oilseeds, and pulses. Wide representation on the Standards Committees continues to ensure that the views of all principals are considered before changes are made to the Canadian grading system. Committee membership and 2009-10 Western and Eastern Grain Standards Committee recommendations related to the grading system are available at the following link: http://www.grainscanada.gc.ca/gscommittee-comiteng/gscm-mcng-eng.htm

Liaising with other federal government departments (e.g. CFIA, AAFC, Health Canada, and DFAIT), the Canadian grain industry, and international agencies concerning grain safety matters and trade implications was critically important upon the detection of trace amounts of genetically modified material in some Canadian flaxseed export shipments to Europe. Subsequently, sampling and testing protocols for Canadian flaxseed shipments to the European Union and Japan were developed to describe the system of sampling, testing, and documentation pertaining to the presence of CDC Triffid in shipments of Canadian flaxseed. The CGC's Grain Research Laboratory verified and adopted an accurate and reliable analytical test that can detect and quantify the presence of CDC Triffid in a flax sample. This test was a key component of building credibility with customers, helping the flax industry gain acceptance for the testing protocols, and ensuring flax shipments to various customer countries was resumed. http://www.grainscanada.gc.ca/gmflax-lingm/stpfm-mpeevl-eng.htm

During 2009-10, CGC scientists and technical experts continued to play an important market support role by liaising with buyers, marketers, industry and producers and providing technical advice and information on grain quality, grain safety, and end-uses. In addition, customer feedback continued to be important in continuously improving Canada's GQAS and CGC programs and activities. CGC personnel went on ten international market support missions to investigate, train, or convey the quality of Canadian grain to customers. Additionally, there were 26 international delegations that visited the CGC to learn about the CGC and Canada's GQAS. Domestic and overseas buyers have stated that they are satisfied with the overall quality of Canadian grain and Canada's GQAS. The CGC remains committed to modernizing the *Canada Grain Act* and the Canada Grain Regulations to ensure that CGC legislation, programs and services continue to meet the evolving needs of Canadian producers and the grain industry and that the CGC can effectively and successfully deliver upon its strategic outcome and program activities.

How the CGC tracks and reports:

The following sections identify the expected results for each program activity and 2009-10 performance measured against targets as established in the CGC's Performance Measurement Framework. The CGC is committed to providing fair and reliable performance information. Performance data is collected and managed using different methods and procedures. In 2009-10, as part of its long-term process to improve the overall performance measurement and reporting process, the CGC initiated a quarterly monitoring and tracking tool. The objective is to facilitate continuous evaluation of progress against plans that are identified in the Report on Plans and Priorities. The monitoring and tracking tool also provides an opportunity to address challenges and capture lessons learned. The CGC is in the process of evaluating and refining the tool to facilitate improved evaluation of progress against plans.

Performance assessment and analysis:

CGC performance assessment and analysis includes both quantitative and qualitative information to give context to the CGC's performance story. It is important to note that the majority of CGC services and activities are mandated by the Canada Grain Act. In addition, inspection and weighing services are largely dependent on Canadian export volumes which are in turn dependent on factors such as crop production, crop quality, price, production choices, and weather. Given this variability, a quantitative comparison of services provided between years and/or to other organizations is not a reliable indicator of performance. The performance analysis discussion identifies the key activities and major accomplishments that contributed to and/or impacted upon program activity performance. Independent verifiable performance information is included where available.

Program Activity: Quality Assurance Program

Program Activity: Quality Assurance Program					
2009-10 Financial Resources ($ thousands)			**2009-10 Human Resources (FTEs)**		
Planned Spending	**Total Authorities**	**Actual Spending**	**Planned**	**Actual**	**Difference**
23,438	48,222	41,356	229	356	127

- The difference between planned spending and total authorities is that planned spending reflects only the CGC's approved authorities as per the Main Estimates while total authorities include additional funding approved subsequent to the publication of the RPP.
- The difference between total authorities and actual spending includes an overall increase in revenue credited to vote due to high grain volumes handled and lower actual expenditures for salaries due to staff departures and delays in hiring. There were no significant program changes during 2009-10.
- 2009-10 planned human resources (FTEs) as reported in the RPP were 229 based on approved authorities at that point in time, as per the Main Estimates. However, given all additional authorities secured by the CGC, the full planned FTE complement for this program is 388. This represents an actual variance of -32.

Program Activity Description: [illegible]

Expected Result	Performance Indicator	Target	Performance Status	Performance Summary
Consistent and reliable grain quality and grain safety assurance to meet the needs of domestic and international markets	Number of justified cargo complaints due to a breakdown in CGC quality and/or safety assurance	Zero justifiable cargo complaints	Target mostly met (80 to 99 percent of the expected level of performance was achieved)	• CGC staff certified the quality of 7,911 cargoes representing 29,555,831 tonnes of Canadian export grain. • The CGC received complaints regarding 24 of those cargoes. Upon investigation, it was determined there was one justified cargo complaint due to a breakdown in CGC analytical testing methods. Further information is provided in the Lessons Learned section below.

Key Program Risk: Misalignment or inability to adapt

The Quality Assurance Program must continue to align with and be able to respond to the changing requirements of domestic and international grain markets to ensure consistent and reliable grain quality and grain safety assurance.

Key Risk Mitigation Activities:

- Industry Services Quality Management System internal and external audits were completed. Identified non-conformances were actioned (see Lessons Learned below).
- Industry Services Management meetings focused on program development and delivery to meet grain industry needs based on recommendations and feedback received from the Western Grain Standards Committee, the Eastern Grain Standards Committee, producers, grain handlers, and domestic and overseas buyers and processors.
- Recruitment and retention activities to meet current and future human resource needs continued.

Additional information on the programs, services, and initiatives that contributed to the Quality Assurance Program is available at: http://www.grainscanada.gc.ca/quality-qualite/laqm-mrsq-eng.htm

Benefits for Canadians

The CGC's Quality Assurance Program provides quality control for the Canadian grain industry and assures consistent and reliable grain quality and grain safety to meet the needs of international and domestic markets. By defining grading standards and ensuring these standards are applied consistently, CGC grades allow domestic and international buyers to identify end-use performance and therefore value without the need for end-use tests or direct examination of individual lots of grain. This improves the efficiency of grain handling and helps to ensure that Canadian grain producers receive payment that reflects the value of their grain. The CGC's Quality Assurance Program, including its grain safety assurance programs, supports not only the delivery of the CGC mandate and strategic outcome, but positions Canada with a sustainable competitive advantage in global grain markets.

Performance Analysis

During 2009-10, the CGC mostly met the expected result and target associated with the Quality Assurance Program. Daily provision of grain inspection and grading services as mandated by the Canada Grain Act, as well as scientific and technical support programs and testing services, continue to be integral components to this program activity. During 2009-10, the CGC provided the following inspection and testing services as per ISO 9001:2008 Standards in support of the Quality Assurance Program:

- inspected 294,985 railcars upon receipt at licensed terminal and transfer elevators (compared to 239,832 in 2008-09),
- inspected 21,438 railcars loaded from licensed primary elevators prior to receipt at licensed terminal and transfer elevators (compared to 23,503 in 2008-09),
- inspected 29,555,831 tonnes of Canadian grain for export from licensed terminal and transfer elevators (compared to 24,481,535 tonnes in 2008-09), and
- certified 1,531 samples submitted for grading by producers (compared to 2,199 in 2008-09) and 14,642 samples submitted by grain companies (compared to 16,989 in 2008-09).
- There were 3,716 grade changes on official re-inspection representing a CGC inspection accuracy rate of 98.8%. This compares to an accuracy rate of 98.7% in 2008-09 and 99.0% in 2007-08.

The CGC certified the quality of 7,911 cargoes and investigated complaints from buyers regarding 24 of those cargoes. Upon thorough investigation of the loading process, including analysis of cargo samples and vessel loading documentation, the CGC's Chief Grain Inspector concluded that one complaint was substantiated. This compares to zero justifiable cargo complaints in fiscal year 2007-08 and 2008-09 when the CGC certified the quality of 5,950 and 5,267 cargoes respectively.

The CGC's Quality Assurance Program must continually adapt and respond to challenges to remain relevant, meet the needs of domestic and international markets, and ensure that Canada's reputation for consistent grain quality and grain safety is maintained. This is critical to the CGC's success in delivering upon its strategic outcome. Operational priority #2 is aimed at developing programs, initiatives, and new research methods and processes to maintain and strengthen the Quality Assurance Program and Canada's GQAS to ensure a safe, dependable commodity. In addition to the results achieved under operational priority #2, the CGC launched two voluntary programs, CGC HACCP and CIPRS + HACCP, for Canadian grain companies who wish to enhance their grain safety and identity-preserved quality management systems. The goal of these two programs is to help ensure the safety and dependability of Canadian grains

internationally thereby contributing directly to the CGC's strategic outcome. http://www.grainscanada.gc.ca/media-medias/press-presse/2009/2009-05-20-eng.htm

During 2009-10, the CGC continued to provide grain safety assurances on pesticides, trace elements, mycotoxins, fungi, and moulds to meet buyer and consumer demands and ensure Canadian grain is meeting international grain safety and sanitation tolerances. Operational priority #2 in Section I provides details and results related to the CGC's efforts to respond to increasing demands for grain safety assurances from buyers and national food inspection authorities. Further information on CGC strategies and research programs that support grain safety assurance is available at: http://www.grainscanada.gc.ca/quality-qualite/gsa-asg/safety-salubrite-eng.htm

The CGC continued to assess the use of objective tests and continued to evaluate new technologies to measure end-use quality with the goal of increasing efficiency, reducing costs, and enhancing testing capabilities. Plans to conduct a pilot program for Ochratoxin-A testing in CGC regional laboratories were delayed due to renovation requirements in the laboratories as well as a delay in the arrival of essential equipment from overseas. Once both elements are in place the pilot will begin. The CGC launched the second phase of an industry-based pilot to test the latest development in Rapid Viscosity Analysis (RVATM) technology. However, due to excessive equipment failure the project was subsequently halted. The CGC has begun initial assessments using a different technology. http://www.grainscanada.gc.ca/media-medias/press-presse/2009/2009-09-14-eng.htm

The Ineligible Varieties Working Group (formerly "Industry Committee on the Removal of KVD") continued efforts to ensure effective communication and use of the new declaration based system and to openly discuss challenges and resolutions. The committee is composed of a producer representative from each prairie province, the CGC, CWB, Western Grain Elevator Association, the Inland Terminal Association, and AAFC. The concept of expanding use of declarations beyond wheat was tabled for consideration. Several communication strategies were developed to ensure stakeholders were fully cognizant of their obligations and associated consequences of not complying with agreed upon protocols related to the removal of KVD. In support of varietal declarations, a joint public notice campaign "Know your Seed" was launched with AAFC. http://www.grainscanada.gc.ca/wheat-ble/ds-sd/dsm-msd-eng.htm

The CGC remains committed to ensuring that adequate notice is given to producers when wheat varieties are deregistered. CFIA and the CGC adopted a communications protocol, the National Wheat Variety De-registration Protocol, which provides timely information to grain producers and industry representatives on upcoming changes to the registration status of wheat varieties. http://www.grainscanada.gc.ca/media-medias/press-presse/2009/2009-10-15-eng.htm. The CGC continued monitoring programs for the presence and source of non-registered and de-registered wheat varieties to support the CGC certification processes and maintain end-use processing quality.

Going Forward/Lessons Learned

All CGC inspection services are delivered as per ISO 9001:2008 Standards. During 2009-10, there were a total of 76 inspection related Improvement Requests (IRs). Seven of the IRs were a result of non-conformances identified during internal and external audits. Non-conformances occur when Quality Management System (QMS) procedures or work instructions are not followed. IRs are also created when there are inconsistencies in documentation, if there are changes to CGC inspection programs, or changes required to work processes. The CGC has reviewed the summary reports that were completed during the audits. The IRs have been

submitted to the procedure owner with an appropriate corrective action identified and a timeframe attached to ensure completion. IRs allow the CGC to adjust service procedures as necessary and identify or adjust training requirements to maintain and/or enhance the effective and consistent delivery of inspection services and programs.

The single justified cargo complaint during 2009-10 was a result of a customer's concern related to a CGC reported falling number value. The falling number test is used to evaluate the amount of sprout damage in Canadian wheat. A high falling number is one indication that the wheat is sound and satisfactory for most baking processes. While the overall quality certification of the cargo was not questioned, there was a discrepancy between the CGC reported falling number value and the customer determined falling number value. Analysis by the customer at their facility indicated a significantly lower falling number value than was reported on CGC documentation. Additional CGC analysis was conducted on a representative portion of the official load sample. This analysis confirmed the client's concerns and the discrepancy. A review of procedures and expectations was conducted to mitigate the risks of a similar situation occurring in the future.

Program Activity: Quantity Assurance Program

Program Activity: Quantity Assurance Program					
2009-10 Financial Resources ($ thousands)			2009-10 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
9,373	14,121	12,432	96	116	20

- The difference between planned spending and total authorities is that planned spending reflects only the CGC's approved authorities as per the Main Estimates. Total authorities include additional funding approved subsequent to the publication of the RPP.
- The difference between total authorities and actual spending includes an overall increase in revenue credited to vote due to high grain volumes handled and lower actual expenditures for salaries due to staff departures and delays in hiring. There were no significant program changes during 2009-10.
- 2009-10 planned human resources (FTEs) as reported in the RPP were 96 based on approved authorities at that point in time, as per the Main Estimates. However, given all additional authorities secured by the CGC, the full planned FTE complement for this program is 129. This represents an actual variance of -13.

Program Activity Description: http://www.tbs-sct.gc.ca/rpp/2010-2011/inst/gsy/gsy01-eng.asp#1.4.1

Expected Result	Performance Indicator	Target	Performance Status	Performance Summary
Consistent and reliable quantity assurance of Canadian grain shipments	Number of justified cargo complaints due to a breakdown in CGC assessment of quantity	Zero justifiable cargo complaints	Met all (100% of the expected level of performance was achieved)	There were zero justified cargo complaints due to a breakdown in CGC assessment of quantity during 2009-10.

Key Program Risk: Misalignment or inability to adapt

The Quantity Assurance Program must align with and be able to respond to the changing requirements of the grain industry to effectively ensure consistent and reliable quantity assurance of Canadian grain shipments.

Key Risk Mitigation Activities:

- Industry Services QMS (ISO) internal and external audits were completed. Identified non-conformances were actioned (see Lessons Learned below).
- Industry Services Management meetings focused on program development and delivery to meet industry needs.
- Recruitment and retention activities to meet current and future human resource needs continued.

Additional information on the programs and services that contribute to the Quantity Assurance Program is available at: http://www.grainscanada.gc.ca/quantity-quantite/laqnm-mesqn-eng.htm

Benefits for Canadians

The Quantity Assurance Program is integral to the functioning of Canada's grain industry and the CGC's strategic outcome of ensuring Canada's grain is reliable and Canadian grain producers are protected. Daily provision of grain weighing services as mandated by the Canada Grain Act forms a major part of the Quantity Assurance Program. This includes overseeing the weighing of grain as it is received by licensed terminal elevators and as it is loaded for export. The CGC continued to collect, interpret and distribute railcar data and information and generated reliable grain quantity data to meet specific industry and buyer needs. This data is used by the grain industry, railways, Canada Ports Clearance, and the CGC in managing grain inventories and for statistical publications. An important component of the Quantity Assurance

Program is the CGC's Dispute Resolution Settlement (DRS). The DRS is a neutral third-party investigative process that Canadian grain companies, producer car shippers, and railway companies can access to resolve weighing disputes and maintain consistent grain handling practices.

Performance Analysis

During 2009-10, the CGC continued to deliver all weighing services as per ISO 9001:2008 Standards to ensure consistent and reliable quantity assurance of Canadian grain shipments. For example, to meet the legislative mandate of the Canada Grain Act and the requirements of the grain industry from producers to customers, the CGC:

- officially weighed and certified 312,927 railcar unloads upon receipt at licensed terminal and transfer elevators (compared to 263,031 railcar unloads in 2008-09), and
- monitored and certified 29,555,831 tonnes of grain prior to export from licensed terminal and transfer elevators (compared to 24,481,535 tonnes in 2008-09).

The CGC logged and investigated seven weight-related export cargo complaints at the customer's request. Upon thorough review and analysis of the information documented at the time of loading, the CGC's Chief of Weighing concluded that the original statement of quantity for all the shipments was correct. Consequently, the CGC successfully met the Quantity Assurance Program expected result and target as there were zero justified cargo complaints due to a breakdown in CGC assessment of quantity. This compares to zero justifiable cargo complaints during 2007-08 and 2008-09.

The CGC continued efforts to provide ongoing technical support and advice to the Canadian grain industry. These activities contributed to the CGC's strategic outcome of ensuring that Canada's grain shipments are reliable and that Canadian grain producers are protected. For example:

- CGC Weighing Systems Inspectors conducted 506 weighing system device inspections to verify the accuracy and reliability of licensed terminal and transfer elevator weighing equipment. In 156 instances (30 percent), the device under inspection required an adjustment or servicing. Of these 156 inspections, 79 (51 percent) devices were found to be operating with measurement errors of 0.10 percent or greater.
- CGC staff conducted 8 official weigh-overs of all stocks in store at licensed terminal and transfer elevators to verify the overage or shortage of grain, grain products, or screenings in an elevator pursuant to the tolerances stipulated in the Canada Grain Regulations.

Although the CGC does not provide binding arbitration for weight shortages, the CGC's DRS neutral third-party railcar investigation process provides key information to support shippers' entitlement to adjustment for excessive grain shortages at unload. During 2009-10,

- the CGC conducted 515 weight-related investigations on railcars,
- 1,179 railcars required their weights officially apportioned due to the mixing of grain from two or more railcars in a common grain reception area as the cars were unloaded,
- 48 cars required their origin weight to be verified and assigned as the official unload weight due to incidents around un-recovered spills, and
- 5,059 exception reports were completed for railcars that arrived at unloading facilities with low or empty compartments.

While client claim success rates are confidential, clients maintain that the information supplied by the CGC's DRS is a very significant part of their claim and is the most reliable information for processing a successful claim. During 2009-10, there were zero instances where disputes with respect to weight were not addressed and feedback not provided.
http://www.grainscanada.gc.ca/services-services/receival-reception/drs-rd-eng.htm

Going Forward/Lessons Learned

CGC weighing policies and procedures are monitored and evaluated on an ongoing basis through a series of reporting policies and national discussion and review forums. This allows the CGC to adjust service procedures as necessary and identify or adjust training requirements to maintain and/or enhance the effective and consistent delivery of weighing services and programs. During 2009-10, there were five weighing/registration related non-conformances identified through internal and external audits. Non-conformances occur when Quality Management System (QMS) procedures or work instructions are not followed. The CGC has reviewed the summary reports that were completed during the audits. In order to take appropriate actions, an Improvement Request (IR) form was submitted to the procedure owner, and an appropriate corrective action was identified. A timeframe was attached to ensure completion. IRs are also created when there are inconsistencies in documentation, if there are changes to CGC weighing programs, or changes required to work processes. This resulted in an additional 19 IR forms being submitted during 2009-10.

Program Activity: Grain Quality Research Program

Program Activity: Grain Quality Research Program					
2009-10 Financial Resources ($ thousands)			2009-10 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
3,365	9,463	10,057	26	69	43

- The difference between planned spending and total authorities is that planned spending reflects only the CGC's approved authorities as per the Main Estimates. Total authorities include additional funding approved subsequent to the publication of the RPP.
- There is a slight difference between total authorities and actual spending. Part of the difference may be attributed to an increase in resource requirements necessary to respond to the discovery of trace amounts of genetically modified material in some Canadian flaxseed shipments to Europe. There were no significant program changes during 2009-10.
- 2009-10 planned human resources (FTEs) as reported in the RPP were 26 based on approved authorities at that point in time, as per the Main Estimates. However, given all additional authorities secured by the CGC, the full planned FTE complement for this program is 72. This represents an actual variance of -3.

Program Activity Description: [illegible]

Expected Result	Performance Indicator	Target	Performance Status	Performance Summary
Research and development on grain quality and grain safety to support and improve Canada's GQAS	Assessment of grain quality and grain safety research undertaken, sponsored, and/or promoted by the CGC	"Excellent" on a scale of excellent, good, fair or poor	Mostly met the expected level of performance. Grain quality and grain safety research undertaken, sponsored and/or promoted by the CGC was assessed as "good" during 2009-10.	The majority of project milestones/outcomes were delivered on time and on budget.

Key Program Risk: Misalignment or inability to adapt

The CGC's science and technology capacity must keep pace with the needs of domestic and international markets in order to ensure Canada's grain is safe, reliable and marketable.

2009-10 Key Risk Mitigation Activities:

Continued to identify research priorities to strengthen the existing GQAS based on feedback received by CGC personnel from overseas and/or domestic buyers, processors, producers, grain handlers, and the Western and Eastern Grain Standards Committees.

To remain abreast of new developments, GRL personnel continued liaison activities with Canadian and international scientific, academic, analytical, and grain industry organizations.

Continued people planning initiatives to ensure that the CGC is able to attract, develop and retain sufficiently qualified human resources in the GRL and continued succession planning strategies.

Additional information on the Grain Quality Research Program is available at:
http://www.grainscanada.gc.ca/research-recherche/iarm-mrsc-eng.htm

Benefits for Canadians

The CGC's Grain Research Laboratory (GRL) conducts research in support of the GQAS to address emerging issues and permit the effective marketing of Canadian grain in the interests of producers and the Canadian grain industry. Research undertaken and sponsored under this program activity leads to the development of recognized methods for grain quality and grain safety evaluation and objective testing protocols and specifications to support the Canadian grading system. GRL research also facilitates the end-use diversification of Canadian grains. This program activity supports the continued adaptation of Canada's GQAS to assure grain quality and grain safety to meet the end-use needs and processing expectations of domestic and international buyers of Canadian grain. The CGC's Grain Quality Research Program contributes to the Government of Canada's objective of a diverse and technologically advanced economy and is integral to the successful delivery of the CGC's strategic outcome of ensuring Canadian grain is safe, reliable and marketable.

Performance Analysis

During 2009-10, the GRL successfully undertook, sponsored and promoted research related to grains as mandated by the Canada Grain Act. The GRL completed several research projects within cost and timelines and successfully met the milestones of numerous ongoing research projects. The GRL's performance results were rated as "good" due to cost and timeline variances associated with some projects. These projects have been reassessed and while some have been finalized others are still ongoing. Variances are considered normal within a research environment.

The GRL continued to assess the use of objective tests to measure grain quality and grain safety to increase efficiency, reduce costs and enhance the testing capabilities of the CGC. Developing new and improved methods for evaluating and measuring end-use quality and safety factors for all grains is a major focus of the Grain Quality Research Program and contributes to the long term success of the CGC's strategic outcome. For example, during 2009-10 efforts continued on the development of a hyperspectral imaging method for detecting Fusarium damaged kernels in wheat. Preliminary investigations show a high degree of correlation between spectral measurements and inspector scores for single kernels of the CWRS wheat class. Samples of eastern and western wheat classes are being collected to extend the scope of the imaging method to other major Canadian wheat classes. Results from the RVA study did not meet stakeholder needs, but work continued on developing a method to identify sprouted kernels and determine the activity of the alpha-amylase enzyme present. A greater than 88 percent accuracy was attained for detecting sound kernels and greater than 95 percent for severely sprouted kernels. Work is continuing to improve algorithms for detection of slightly sprouted kernels.

Research that supports emerging issues in the GQAS continued with the goal of meeting changing producer, industry, and customer demands for specific end-use quality, variety identification, and safety factors. For example, the Canadian Milling and Baking Industry indicated that traditional tests to discern differences in wheat flour quality, in particular, gluten strength are not meeting their commercial needs. To this end, a series of projects have been initiated to develop new methods to rapidly assess wheat quality for commercial use. The GRL also continued research efforts on wheat and barley DNA and protein fingerprinting. The aim is to develop tests for identifying and quantifying varieties of grains in shipments in order to develop the capacity for identifying multiple variety composition and enable segregation of variety specific shipments. A major accomplishment this year was the verification and adoption of an accurate and reliable analytical test that can detect and quantify the presence of CDC Triffid in a flax sample. This test was a key component of building credibility with customers, helping the flax industry gain acceptance for the testing protocols, and ensuring flax shipments to various customer countries was resumed. This work had a direct impact on flax producers and is an example of how the CGC's scientific expertise adds value to the Canadian grain industry.

The GRL continued efforts to develop specifications and measurement protocols to support new standards, develop objective testing protocols and specifications to support the Canadian grading system, and facilitate the end-use diversification of Canadian grains with new end-use traits. For example, extensive research was carried out using a new technique to assess the quality of Canadian wheat for Asian noodle quality. New fundamental rheological techniques were also used to assess Canadian wheat quality for Asian products. Several scientific papers were accepted and published. In addition, the GRL conducted research as recommended by the Western Grain Standards Committee (WGSC) and the Eastern Grain Standards Committees (EGSC) in support of grade specifications and the grading system and provided information to the Committees to facilitate recommendations. Updates on grading studies and projects related to chlorophyll assessment using near infrared reflectance spectroscopy, relationship between fusarium-damaged kernels and the levels of the deoxynivalenol (DON), assessing sprout damage using rapid visco analysis technology, detection of sprout damage, mildew damage in Eastern wheat and its effect on end-use products, and Ontario canola brown seed were provided to the WGSC and EGSC in November 2009.
http://www.grainscanada.gc.ca/gscommittee-comiteng/gscm-mcng-eng.htm.

The GRL participates in several external proficiency tests on an annual basis to receive unbiased evaluations with respect to accuracy and precision. For example, the American Association of Cereal Chemists check sample service is used by numerous laboratories around the world to evaluate techniques and ensure quality control. The GRL used this service and several others to test equipment and monitor the use of proper methods among laboratory personnel. During 2009-10, the GRL participated in 15 different external proficiency test programs with satisfactory test scores. The GRL also took part in an Inter-laboratory Comparison for OTA in Oats with Health Canada. Notification was received that GRL results agree and are comparable with the other laboratories participating in this study.

The CGC's 2009-10 annual Harvest Sample program was completed under budget, but with a slight delay. The delay was a result of extending the deadline for producers to send in samples due to the cool, wet harvest in 2009. For the first time, the Harvest Sample program was extended to Eastern producers. In total, the CGC received and analyzed 10,370 producer samples to determine the year's crop quality. The CGC shared the results of the survey with marketers, buyers and processors around the world. The results provide millers, bakers,

maltsters and brewers, and food manufacturers information on how the year's crop will perform in processing. Quality reports were published on eastern and western wheat, malting barley, canola, flax seed, peas, chick peas, lentils, mustard, pea beans, and soybeans. http://www.grainscanada.gc.ca/quality-qualite/geuq-quf-eng.htm

The GRL conducted quality evaluation of new breeders' lines to determine the lines that meet the quality guidelines and needs of the class for wheat, barley, and canola. This third party unbiased information is a key component of the CFIA registration process for new varieties. During 2009-10, approximately 168 wheat and 118 malt barley breeders' lines were assessed and reported in a timely basis. In addition, the CGC assessed 2,200 canola breeders' samples by NIR oil, protein and glucosinolate content, and complete fatty acid composition by gas chromatography. GRL personnel interpret quality data in light of their intimate knowledge of changes in world processing technology and market needs to ensure that new varieties do not present a threat to the GQAS. GRL personnel also recommend changes in quality targets to breeders, as appropriate, on the basis of their discussions with grain processors and buyers in North America and overseas. This work assists farmers in being able to grow varieties that buyers are interested in.

Going Forward/Lessons Learned

The CGC will continue the process of ISO/IEC 17025 accreditation for certain methods in its laboratory testing environment. Focus is on accrediting methods in the Grain Safety Program of the GRL which includes mycotoxins, pesticide residues, trace elements, and polymerase chain reaction (PCR) determination of GMO content. During 2009-10, development of methods as well as procedures and work instructions were drafted. Draft documentation test trials are in process. ISO/IEC 17025 accreditation will give customers increased confidence in the GRL processes and testing methods that support Canada's GQAS.

The GRL developed a strategic plan to ensure research undertaken and sponsored by the GRL is focused and targeted. The GRL is also investigating the feasibility of producing an annual report to highlight GRL research activities. This report would significantly augment the performance information provided in the DPR. The biggest challenge facing the GRL is increased resources required to respond to testing and monitoring requirements under the Quality Assurance Program. The increased demand has potential to limit resources available for fundamental and/or long term research.

Program Activity: Producer Protection Program

Program Activity: Producer Protection Program					
2009-10 Financial Resources ($ thousands)			2009-10 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
938	5,002	3,851	8	32	24

- The difference between planned spending and total authorities is that planned spending reflects only the CGC's approved authorities as per the Main Estimates while total authorities include additional funding approved subsequent to the publication of the RPP.
- The difference between total authorities and actual spending includes an overall increase in revenue credited to vote due to high grain volumes handled and lower actual expenditures for salaries due to staff departures and delays in hiring. There were no significant program changes during 2009-10.

- 2009-10 planned human resources (FTEs) as reported in the RPP were 8 based on approved authorities at that point in time, as per the Main Estimates. However, given all additional authorities secured by the CGC, the full planned FTE complement for this program is 36. This represents an actual variance of -4.

Program Activity Description: [illegible]

Expected Result	Performance Indicator	Target	Performance Status	Performance Summary
Producer satisfaction with the grain handling system	CGC response to producer complaints	Zero unresolved or unaddressed complaints	Met All (100% of the expected level of performance was achieved)	There were zero unaddressed complaints with respect to the producer protection programs administered by the CGC. While the majority of complaints were resolved, there are some ongoing investigations.

Key Program Risk: Misalignment or inability to adapt

The producer protection framework must align with and be able to adapt to the evolving needs of producers and the grain industry to ensure that producers are compensated fairly for the quality and quantity of grain delivered and shipped.

2009-10 Key Risk Mitigation Activities:

- Continued to investigate all producer concerns/complaints and consulted with and evaluated feedback from producers on the programs and services offered under this program activity.
- Continued to monitor licensees using the licensing risk assessment framework to determine audit priorities. Developed a risk-based audit plan that is reviewed and updated quarterly.
- Continued communication efforts to ensure producers are aware of their rights under the Canada Grain Act and to increase awareness of CGC producer protection activities and services.

Additional information on the producer protection program is available at:
http://www.grainscanada.gc.ca/protection-protection/laopm-mrsgo-eng.htm

Benefits for Canadians

The CGC is mandated to serve producer interests by upholding the Canada Grain Act and as such has implemented a number of programs and safeguards to ensure the fair treatment of Canadian grain producers. These include the licensing and security program, allocation of producer cars for producers that wish to ship their own grain, and producer liaison measures including a grain grade appeal system. In addition, the CGC collects and updates grain quality data and grain handling information to facilitate producer sales and marketing decisions. This program activity aligns with the Government of Canada outcome area of "A fair and secure marketplace" and also directly contributes to the CGC's goal of ensuring Canadian grain producers are properly compensated for the quality and quantity of grain delivered and shipped.

Performance Analysis

Producer support programs include mediating and/or arbitrating producer complaints concerning transactions with licensed grain companies, re-inspection of samples on producer request, and investigation of quality and dockage complaints. During 2009-10, the CGC responded to numerous inquiries and complaints from producers. The main topics included contract disputes between producers and licensees, grading disputes, non-payment/slow payment to producers, inquiries related to shrinkage and tariff deductions, and complaints regarding proper issuance of documents. Grain producers submitted 211 samples to the CGC for quality determination under "subject to inspector's grade and dockage". The CGC responded to all producer complaints related to compensation received for the quality and/or quantity of grain delivered within the

licensed grain handling system and all producer concerns regarding fair payment. The CGC was successful in meeting the program activity target of zero unaddressed complaints with respect to the producer protection programs administered by the CGC. While the majority of complaints were resolved, there are some ongoing investigations. The CGC developed a complaints protocol that will be implemented in early 2010-11. This protocol will formally outline a process to be followed when responding to producer complaints and investigating violations of the Canada Grain Act. Although it will not address every situation that may arise, it is meant to act as a guide to ensure the CGC responds appropriately and consistently to all producer concerns.

Communication activities continued to play a key role in promoting the activities and services provided under the Producer Protection Program. For example, through its trade exhibition program, the CGC met with producers in Red Deer, Lethbridge, Regina, Saskatoon, and Brandon to discuss issues such as the CGC Licensing Program, variety declarations for wheat, services available to resolve grading disputes, the Harvest Sample program, and many others. In addition, the CGC continued to collect and update grain quality data and grain handling information and make it available to producers and other interested parties to facilitate producer sales and marketing decisions. http://www.grainscanada.gc.ca/statistics-statistiques/sim-rsm-eng.htm

Over the past several years, the CGC has received numerous producer inquiries related to moisture shrinkage, as prescribed by CGC Order, and comprehensive shrinkage, as prescribed in the Canada Grain Regulations. Consequently, the CGC conducted an internal review on both topics. These reviews resulted in a proposal to adjust the formula for calculating moisture shrinkage by eliminating the 1.1 percent moisture rebound factor as well as a proposal to extend the shrinkage allowance of zero to licensed transfer and process elevators. During 2009-10, the CGC consulted extensively with licensees, the grain handling industry, producer organizations, and producers on the proposed changes. Responses during the consultation process from producers and producer organizations were generally supportive of the proposals and responses from industry organizations were mixed. After consideration of all comments received, a decision was made to proceed with both proposed changes to improve transparency to producers and improve the consistency of the Canada Grain Regulations. Plans are to implement the proposed changes in 2010-11.

Since 2005, as a result of the CGC's Licensing Compliance Initiative, the CGC has issued approximately 75 additional grain elevator or grain dealer licences and significantly enhanced its compliance and enforcement efforts. A primary focus of the Licensing Compliance Initiative has been companies that were neither licensed nor exempted from licensing. During 2009-10, the CGC initiated the process of reviewing the classification of each licensee, to ensure consistent application of the Canada Grain Act and the Canada Grain Regulations so that producers understand their rights and protections, licensees understand their responsibilities, and similar companies experience similar regulatory requirements. A Notice of Intent was sent to all licensees and the CGC is in the process of reviewing licensee classifications. Re-classification will be handled on a case-by-case basis through regular program administration and licence renewals.

As of March 30, 2010 the CGC had issued licences for 317 primary elevators, 46 process elevators, 15 terminal elevators, 12 transfer elevators, and 94 grain dealers. There are currently 48 known unlicensed companies that require licensing under the Canada Grain Act. Of these, all have initiated the licensing process. During 2009-10, 52 licensees were audited by the CGC to ensure appropriate security coverage. Financial statements from all licensees were reviewed.

The CGC continued to use and refine the risk assessment process to regularly review and assign a financial risk rating and an overall risk rating (high, medium, low) for all licensees in order to determine audit priorities and other courses of action. In addition, the CGC developed and implemented a risk-based Audit Plan that is updated quarterly to ensure that high risk audits are focused on and to facilitate planning. CGC staff responded to all known instances of licensing non-compliance.

The CGC revoked one grain dealer licence in February 2009 after a licensee became unable to meet their payment obligations to producers. During 2009-10, a final audit found that the total value of eligible producer claims received by the CGC was $453,688. The CGC used the $300,000 security posted by the licensee to compensate 17 producers that were eligible for compensation. This resulted in 66 percent compensation out of the $300,000 security. There were no licensees that failed to meet producer payment obligations during 2009-10. http://www.grainscanada.gc.ca/media-medias/press-presse/2009/2009-06-10-eng.htm

The CGC has sole responsibility for the allocation of producer cars for both Canadian Wheat Board (CWB) and non-CWB grains. During 2009-10, the CGC continued to work closely and cooperatively with the CWB, grain companies, and the railways in an effort to ensure that producer car orders are filled in a timely manner. The CGC received and processed approximately 13,700 applications from producers for producer cars and responded to all complaints with respect to administration of the allocation of producer cars. Efforts continued to re-engineer the producer car software and producer car database to assist with data management and reduce the reliance on printed reports. Progress on this initiative was delayed due to resource constraints.

Going Forward/Lessons Learned

The CGC continually strives to improve on the programs and activities under this program activity that directly contribute to the CGC's mandate of facilitating fair treatment of producers within the licensed grain handling system. The CGC will continue to work closely with officials from Agriculture and Agri-Food and other departments and agencies, to advise the Minister with respect to amendments to the Canada Grain Act and Canada Grain Regulations to ensure the CGC's legislation, programs, and services continue to meet the evolving needs of producers and the grain industry. These efforts will continue in 2010-11.

Program Activity: Internal Services

Program Activity: Internal Services					
2009-10 Financial Resources ($ thousands)			2009-10 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
9,453	13,659	12,586	62	88	26

- The difference between planned spending and total authorities is that planned spending reflects only the CGC's approved authorities as per the Main Estimates. Total authorities include additional funding approved subsequent to the publication of the RPP.
- The difference between total authorities and actual spending includes an overall increase in revenue credited to vote for high grain volumes handled and lower actual expenditures for salaries due to staff departures and delays in hiring.
- 2009-10 planned human resources (FTEs) as reported in the RPP were 62 based on approved authorities at that point in time, as per the Main Estimates. However, given all additional authorities secured by the CGC, the full planned FTE complement for this program is 93. This represents an actual variance of -5.
- Prior to the 2009-10 Estimates cycle, the resources for the Internal Services program activity were not displayed separately from other program activities and were distributed among the other program activities. This has affected the comparability of spending and FTE information by program activity between fiscal years.

Program Activity Description: http://www.tbs-sct.gc.ca/est-pre/20102011/me-bpd/AAFC-AAC-eng.asp#bm04

Benefit to Canadians

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; Acquisition Services; and Travel and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not those provided specifically to a program.

Performance Analysis

Internal services are enabling activities that allow the CGC to deliver the programs and services necessary to carry out its strategic outcome. The CGC does not have established formal expected results, performance indicators and targets for this program activity. However, because internal services are enabling activities, success can be measured by the CGC's ability to meet the expected results of its strategic outcome and other program activities.

Although the CGC is a small statutory agency with limited resources, it prides itself on the ability to implement government-wide initiatives. Sound agency management denotes not only cost efficiency, but signifies the CGC's commitment to government-wide initiatives such as the Management Accountability Framework, providing services in both official languages, the Paper Burden Reduction Initiative, and effective partnering with other government organizations to provide effective, efficient service to Canadians. The CGC recently scored 100 percent and ranked first for compliance among more than 80 different Government of Canada departments and agencies for CLF 2.0 standards on website accessibility and usability. The CGC website is

now used as a high quality benchmark both inside and outside government for accessibility and usability.

A skilled and motivated workforce is critical to the CGC in delivering its services to Canadians. During 2009-10, the CGC continued efforts to refine its integrated people and business planning (IPBP) process that links people management to the CGC's vision, goals and objectives, strategic plan and budgetary resources. The main goal of integrated planning is to get the right number of people with the skills, experience and competencies, in the right jobs, at the right time, at the right cost as well as ensuring an effective work environment throughout the organization. The CGC identified several strategic people outcomes, key challenges, and plans to mitigate the risks associated with human and knowledge capital in its 2009-10 Report on Plans and Priorities. Detailed results are available at the following link: http://www.grainscanada.gc.ca/cgc-ccg/cr-rm/hro-rhr-eng.htm

Section III: Supplementary Information

Financial Highlights

Fiscal year 2009-10 CGC audited financial statements can be accessed using the following link: http://www.grainscanada.gc.ca/cgc-ccg/cr-rm/crm-mrm-eng.htm

Audited Financial Statements are prepared in accordance with Section 6.4 of the Treasury Board of Canada's policy on special revenue spending authorities.

Condensed Statement of Financial Position
For the Period ending March 31, 2010

	Percent Change from 2009	2010	2009
ASSETS			
Total Assets	7.0%	48,543	45,351
TOTAL	**7.0%**	**48,543**	**45,351**
LIABILITIES			
Total Liabilities	-8.2%	17,276	18,820
EQUITY			
Total Equity	17.9%	31,267	26,531
TOTAL	**7.0%**	**48,543**	**45,351**

Condensed Statement of Operations
For the Period ending March 31, 2010

	Percent Change from 2009	2010	2009
EXPENSES			
Quality Assurance	-6.8%	41,227	44,217
Quantity Assurance	-5.8%	12,580	13,349
Grain Quality Research	-14.8%	9,886	11,601
Producer Protection	-20.3%	3,807	4,774
Internal Services	100%	12,567	-
Total Expenses	**8.3%**	**80,067**	**73,941**
REVENUES			
Quality Assurance	4.5%	44,430	42,517
Quantity Assurance	0.4%	13,182	13,135
Grain Quality Research	-14.8%	9,886	11,601
Producer Protection	7.8%	4,738	4,397
Internal Services	100%	12,567	-
Total Revenues	**18.4%**	**84,803**	**71,650**
NET COST OF OPERATIONS		**(4,736)**	**2,291**

Assets

Total assets were $48.5 million at the end of 2009-10, an increase of $3.1 million (7.0%) over the previous year's total assets of $45.4 million. Accumulated net charge against the Fund's authority (ANCAFA) comprised 73% of total assets at $35.5 million. Tangible capital assets represented $7.2 million (15%) and accounts receivable represented $5.8 million (12%).

Liabilities

Total liabilities were $17.3 million at the end of 2009-10, a decrease of $1.5 million (8.2%) over the previous year's total liabilities of $18.8 million. Employee severance benefits represented the largest portion of liabilities at $11.0 million or 64% of total liabilities. Accounts payable (including salaries, vacation and overtime) represented $6.1 million (35%) while Deferred Revenues made up 1% of total liabilities.

Expenses

Prior to the 2009-10 Estimates cycle, the resources for Program Activity: Internal Services were previously distributed among the other program activities and were not displayed separately from other program activities. This has affected the comparability of spending by program activity between fiscal years. The CGC initiated no significant program changes during 2009-10.

Overall, total expenses for the CGC were $80.1 million in 2009-10. The majority of funds, $63.7 million or 80%, were spent on salaries and benefits; while the remaining $16.4 million or 20% were operating expenses (e.g. rent, professional services, travel, amortization and repairs). Expenses increased in comparison to 2008-09 by 8.3% due to an 8.2 million tonne increase in grain volumes handled from 2008-09 to 2009-10.

Revenues

The CGC's total revenues amounted to $84.8 million for 2009-10, an increase of $13.2 million over previous year's total revenues of $71.6 million. Revenues are split between appropriation dollars received and service fees generated. Service fees revenue increased $6.2 million (17%) due to an 8.2 million tonne increase in grain volumes handled from 2008-09 to 2009-10. In fiscal 2009-10 the CGC's source of funds changed. The CGC required an increase of $6.9 million in ad-hoc appropriations due primarily to reduced access to the operating surplus from accessing $14.2 million in 2008-09 to accessing $8.0 million in 2009-10.

Supplementary Information Tables

All electronic supplementary information tables listed in the 2009-10 Departmental Performance Report can be found on the Treasury Board of Canada Secretariat's web site at: http://www.tbs-sct.gc.ca/dpr-rmr/2009-2010/index-eng.asp.

Sources of Respendable Revenue
User Fee Reporting
Green Procurement
Response to Parliamentary Committees and External Audit
Internal Audits & Evaluations